

**CONTRACT #9**  
**RFS # 345.71-711**

**Department of Human  
Services  
Division of Disability  
Determination**

**VENDOR:**  
**Versa Management Systems,  
Inc.**

## REQUEST: NON-COMPETITIVE AMENDMENT

RECEIVED

SEP 13 2005

FISCAL REVIEW

APPROVED

Commissioner of Finance & Administration  
Date:EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.

1) RPS #	345,71-711	
2) State Agency Name :	Department of Human Services-Disability Determination Section	
EXISTING CONTRACT INFORMATION		
3) Service Caption :	Computer Maintenance and Software Services for the Department of Human Services, Disability Determination Section/ Social Security Administration Computer System	
4) Contractor :	Versa Management Systems, Inc.	
5) Contract #	FA 04-15746	
6) Contract Start Date :	10/01/03	
7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	9/30/08	
8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$800,000.00	
PROPOSED AMENDMENT INFORMATION		
9) <u>Proposed</u> Amendment #	02	
10) <u>Proposed</u> Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt)	10/01/05	
11) <u>Proposed</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	9/30/08	
12) <u>Proposed</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$800,000.00	
13) Approval Criteria : (select one)	<input checked="" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service :		
Annual Maintenance and Major Software Upgrades to the Versa Disability Determination System (VDDS)		
15) Explanation of Need for the Proposed Amendment :		

The amendment is needed to provide the Tennessee Disability Determination Services ongoing day to day software support, systems enhancements and other required changes mandated by the Social Security Administration for DDS programs. Without this support the agency would not be able to function. To use another source would not be cost effective and would cause the entire agency to shut down and be retrained. This would also result in significant delays in decisions for applicants for Social Security Disability Benefits. The amendment is 100% federally funded by the Social Security Administration.

16) Name & Address of Contractor's Current Principal Owner(s) :  
(not required if proposed contractor is a state education institution)

Versa Systems, Inc. 110 North Kenilworth Ave. #7-A Oak Park Illinois 60301-1216

17) Documentation of Office for Information Resources Endorsement :  
(required only if the subject service involves information technology)

select one:

☐

Documentation Not Applicable to this Request

X

Documentation Attached to this Request

18) Documentation of Department of Personnel Endorsement :  
(required only if the subject service involves training for state employees)

select one:

X

Documentation Not Applicable to this Request

☐

Documentation Attached to this Request

19) Documentation of State Architect Endorsement :  
(required only if the subject service involves construction or real property related services)

select one:

X

Documentation Not Applicable to this Request

☐

Documentation Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

See # 21

21) Justification for the Proposed Non-Competitive Amendment :

Versa has proprietary interest in the software with the Social Security Administration and no other vendor can modify or update the program.

REQUESTING AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR—signature by an authorized signatory will be accepted only in documented exigent circumstances)

Virginia T. Lodge

Agency Head Signature

Date

9-8-05

**AMENDMENT # 02  
TO CONTRACT FA 04-15746**

This Contract, by and between the State of Tennessee, Department of Human Services, hereinafter referred to as the State, and VERSA MANAGEMENT SYSTEMS, INC., hereinafter referred to as the Contractor, is hereby amended as follows:

1. Delete Section B.1. in its entirety and insert the following in its place:

B.1. Contract Term. This Contract shall be effective for the period commencing on October 1, 2003 and ending on September 30, 2006. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

2. Delete Section C.1. in its entirety and insert the following in its place:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Four Hundred Eighty Thousand Dollars and No Cents (\$480,000.00), or One Hundred Sixty Thousand Dollars and No Cents (\$160,000.00) for the period October 1, 2003 through September 30, 2004, and One Hundred Sixty Thousand Dollars and No Cents (\$160,000.00) for the period October 1, 2004 through September 30, 2005, and One Hundred Sixty Thousand Dollars and No Cents (\$160,000.00) for the period October 1, 2005 through September 30, 2006. The Service Rates in Section C.3. shall constitute the entire compensation due the for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Unit Rates include, but are not limited to, all applicable taxes, fees, overheads, profit, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

3. Delete Section C.3. in its entirety and insert the following in its place:

C.3. Payment Methodology. The Contractor shall be compensated based on the Service Rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The Contractor's compensation shall be contingent upon the satisfactory completion of units of service or project milestones defined in Section A. The Contractor shall be compensated based upon the following Service Rates for the Period October 1, 2003 through September 30, 2004:

SERVICE UNIT/MILESTONE	AMOUNT
Programming Services	\$120.00/per hour
Technical Analysis	\$130.00/per hour

The Contractor shall be compensated based on upon the following Service Rates for the Period October 1, 2004 through September 30, 2005:

SERVICE UNIT/MILESTONE	AMOUNT
Programming Services	\$125.00/per hour
Technical Analysis	\$137.50/per hour

The Contractor shall be compensated based on upon the following Service Rates for the Period October 1, 2005 through September 30, 2006:

SERVICE UNIT/MILESTONE	AMOUNT
Programming Services	\$125.00/per hour
Technical Analysis	\$135.00/per hour

The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed units of service or project milestones for the amount stipulated.

4. Delete Section E.2. in its entirety and insert the following in its place:

E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

The State:

Sherry Holt  
Department of Human Services  
200 Athens Way  
Plaza Tower II- 6<sup>th</sup> Floor  
Nashville, TN 37228  
Telephone Number: (615) 743-7613  
Fax Number: (615) 248-3805

The Contractor:

Brenda Riddell  
VERSA MANAGEMENT SYSTEMS INC.  
200 Consumers Road Suite 800  
Toronto, Ontario Canada M2J 4R4  
Telephone Number: (416) 493-1833  
Fax Number: (416) 493-8392

All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service delivery; as of three (3) business days after the date of mailing; or on the day the facsimile transmission is received mechanically by the telefax machine at the receiving location and receipt is verbally confirmed by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

The other terms and conditions of this CONTRACT not amended hereby shall remain in full force and effect.

**IN WITNESS WHEREOF:**

**VERSA MANAGEMENT SYSTEMS, INC.:**

\_\_\_\_\_  
**BRENDA RIDDELL, VICE PRESIDENT**

\_\_\_\_\_  
**Date**

**DISABILITY DETERMINATION**

\_\_\_\_\_  
**Tamra L. Smith, Director**

\_\_\_\_\_  
**Date**

**Department of Human Services:**

\_\_\_\_\_  
**Virginia T. Lodge, Commissioner**

\_\_\_\_\_  
**Date**

**APPROVED:**

**DEPARTMENT OF FINANCE AND ADMINISTRATION:**

\_\_\_\_\_  
**M. D. Goetz, Jr., Commissioner**

\_\_\_\_\_  
**Date**

**COMPTROLLER OF THE TREASURY:**

\_\_\_\_\_  
**John G. Morgan, Comptroller of the Treasury**

\_\_\_\_\_  
**Date**

**TO: Bill Exell, Chief Information Officer OIR**

**FROM: Kelly Long, DDS Contract Supervisor**

**DATE: September 12, 2005**

**RFS #: 345-71-711**

Each year, prior to initiating a contract amendment, Tennessee Disability Determination Systems personnel make an inquiry with VERSA management to determine if there are any hourly rate changes or program analysis cost changes. Rate changes are approved if the change fall within the national standards for the work requested and Social Security Administration agrees to fund the requested changes. This year the rate for programming services did not change and the rate for technical analysis went down.

Versa Management Systems, Inc. is the sole proprietor of the software currently used to operate the Social Security Administration/Tennessee Disability Determination Service's (TDDS) AS/400 computer and IWA/LAN system. Since 1996 the TDDS has entered into an annual maintenance contract with Versa to provide major upgrades, modify and update the system. Versa has contracts with 17 other states to provide ongoing day to today software support, systems enhancements and other required changes mandated by the Social Security Administration for Disability Determination Services programs. These states are known as the IBM/Versa Users Group and they share the cost of new modifications. As a member of this user group, the TDDS can take advantage of theses cost-sharing arrangements. Through this maintenance contract, the TDDS can purchase new application packages and enhancements in a shared cost arrangement with other states, which results in significant cost savings. The contract period for the current maintenance agreement is through September 30, 2005.

Due to the uniqueness of the current VDDS software to the TDDS operation, Versa's knowledge, experience, and the cost sharing opportunity arrangement through SSA, we respectfully request that the current maintenance contract be extended though September 30, 2006.

All cost under this contract are covered 100% by federal funds from the Social Security Administration. Your consideration of this sole source request is appreciated.



# FAX TRANSMITTAL

**TO :** Bill Ezell, Chief Information Officer  
Office for Information Resources **FAX # 532-0471**

**FROM :** Kelly Long **FAX # 743-7843**

**DATE :** September 12, 2005

**RFS #** 345-71-711

**RE :** Procurement Endorsement — Annual maintenance and major software upgrades to the Versa Disability System (VDDS)

**NUMBER OF FAX PAGES (including cover) : 35**

The nature and scope of service detailed in the attached service procurement document(s) appears to require Office for Information Resources (OIR) review and support, because the procurement involves information technology or information systems services.

This communication seeks to ensure that OIR is aware of the procurement and has an opportunity to review the matter. Please determine whether OIR is supportive of the procurement. If you have any questions or concerns about this matter, please call Kelly Long at 743-7843.

Please indicate below your response to this proposed procurement, and return this communication at your earliest convenience (note the return FAX number above).

Thank you for your help.

Attachment(s)

**OIR Endorsement :**

**OIR Chief Information Officer Signature**

**Date**



